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APR 21 1954

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Survey of the Office of National Estimates

I. CONCLUSIONS

1. The Office of National Estimates is effectively accomplishing its assigned mission. While it should be noted that there are a multiplicity of views as to how National Estimates should be prepared, this inspection does not indicate any major flaws or problems in the estimate process.

2. The Office is well organized and is operating with a conservative number of personnel. Liaison with other agencies of the intelligence community and with other offices of CIA is effectively conducted. However, there is a problem in the interrelationships between ONE and the Office of Current Intelligence - a problem created by the almost inevitable tendency of individuals handling current intelligence to stray into the field of estimating possible future developments.

3. In assessing the effectiveness of ONE's work, a survey was made of consumer reaction to the work of the Office. This was found to be favorable. While it should be stated that greater use could be made of the National Estimates in other agencies and departments, it is nevertheless true that the Estimates are receiving progressively greater acceptance.

4. The question of "net" estimates (intelligence estimates matched against U. S. and allied capabilities and defensive plans to produce "net" estimates of the capabilities of the Soviet system) still has not been satisfactorily solved.

5. Some views were expressed that the duties of the DD/I as CIA representative on the Planning Board of the National Security Council constitute an excessive drain on time needed for supervision of his offices.

II. RECOMMENDATIONS

6. Both the Office of Current Intelligence and Office of National Estimates should insure that liaison on substantive matters is adequate to prevent conflicting analyses/estimates from being published by CIA.

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7. A study should be made of the relative allocation of the DD/I's time between his NSC Planning Board responsibilities and his CIA supervisory responsibilities to determine whether there is any problem. (Note: This study should recognize that it is important for CIA to be represented on the NSC Planning Board by a Deputy Director).

8. All possible efforts should be made to secure some agreement on some mechanism for producing "net" estimates for presentation to the National Security Council.

III. DISCUSSION

9. The mission and functions of ONE are stated in Regulation 1-130 of 20 March 1953 (Annex I).

10. The organizational structure of ONE and administrative and functional plans of ONE, a listing of personnel and the Table of Organization are given in Annex II.

11. A description of the various steps taken in the production of National Intelligence Estimates is given in Annex III.

12. The Office of National Estimates was organized and began to produce estimates in November 1950. One of the most serious problems to be faced in writing national intelligence estimates was the absence of essential facts in some of the most important subjects and areas of the world. To identify the most serious intelligence gaps during and after the production of an estimate ONE established a system of "post-mortems." This was first attempted with NIE 32, "Effects of Operations in Korea on the Internal Situation in Communist China." Using NIE 55, "Communist Capabilities and Probable Courses of Action," as a starting point, in December 1951 ONE conducted a post-mortem designed to bring out the deficiencies in the procedural aspects of inter-Agency procedures. During FY 1952 seven estimates (14 percent) were post-mortemed; during FY 1953 eleven (22 percent). In the case of SE-27 the post-mortem was reported by ONE to have resulted in a major reallocation of research effort on Communist China with ORR now having considerable capability for producing contributions on economic trends in Communist China. During 1953, ONE came to the conclusion that post-mortems of individual estimates was not worthwhile, and resorted to a revision of DCID 4/2: "Priority List of Critical National Objectives" which lists the gaps of information on an area or functional basis.

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13. The Jackson Committee (The President's Committee on International Information Activities, June 30, 1953) commented as follows on the subject of "net" estimates.

"The Committee has not attempted to determine what capabilities the United States and its allies need... Clearly the answer depends largely on the capabilities of the Soviet system. The estimation of relative capabilities is a difficult task... The Committee recognizes the steady improvement of national intelligence estimates under the direction of CIA. However, these intelligence estimates must be continually and carefully matched against United States and allied capabilities and defensive plans, to produce realistic "net" estimates of the capabilities of the Soviet system."

While there has been continued effort to obtain "net" estimates, this goal has not been yet achieved.

14. Reaction of the users of National Intelligence Estimates was obtained both within and outside CIA. Within CIA there was general agreement ONE was doing an excellent job, with inter-Agency liaison working satisfactorily although the procedure for producing NIEs was admittedly cumbersome and slow due to the number of agencies involved. CIA consumers questioned whether NIEs were "watered down" too much in order to reach agreement, and suggested greater use of appendices and footnotes to indicate divergence of opinion or paucity of verified information. It was also suggested that there be more indication of estimated results of alternate courses of action.

Outside CIA there was general agreement that ONE was doing a good job, although the criticism that the estimates were "watered down" too much in order to reach agreement was also made. It was noted, however, that this problem had improved with time. The background and discussion sections of the NIEs were most favorably viewed; there being an almost unanimity of opinion that these were good compendiums of information. The usefulness of NIE conclusions as policy guides was questioned.

15. One internal CIA problem affecting the work of the Office of National Estimates has been a lack of sufficient coordination between OCI and ONE. This has resulted in OCI publications occasionally making statements at variance with an ONE view or a published estimate. Two examples of conflicting views being issued by the two offices are:

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a. On 4 June 1953 an article on "Soviet Long-Range Aviation" appeared in the Current Intelligence Review. ONE felt certain statements in this article were in conflict with Special Estimate No. 36 of 5 March 1953, "Soviet Capabilities for Attack on the U. S. Through Mid-'55." ONE contended that O/CI statements were both inaccurate and misleading because of failure to indicate factors which materially affected their true significance. The O/CI rebuttal was to offer evidence in support of its statements and to explain the reasoning which produced them. It was acknowledged, however, that the article did contain estimating.

b. On 24 September 1953 OCI paper No. 8459, "Communist Intention Toward Indochina" (issued for internal use only, but destined to be published in the Current Intelligence Review) was in conflict with ONE's estimating responsibility, as it contained clearly estimative language such as " . . . the third alternative would appear to be their most probable choice."

In an effort to solve the problem the DD/I on 31 July 1953 directed ONE to provide an officer to sit on the OCI Publications Board to assist in coordination. While this is a method of effecting a solution, it does in effect place one office in the position of policing the work of another. In addition, it would appear that greater burden should be placed on OCI for advance coordination with ONE. It also should be recognized that the handling of current intelligence, by its very nature, induces a tendency towards estimates and predictions, and consequently all safeguards should be erected to insure that two offices of CIA aren't inadvertently making conflicting statements as to possible future developments.

16. It should be noted that ONE recorded views as believing the Office should occupy a special position in the structure of the CIA organization, primarily because of the special position supporting the DCI as Chairman of the IAC. This Office does not concur in this view and believes ONE occupies a logical position in the DD/I organization, all of which deals with matters of substantive intelligence processing.

17. ONE has demonstrated a commendable policy of keeping the size of the Office small, even at the expense of extra work on the part of the Staff.

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18. The policy of recruitment from within CIA for the ONE Staff is good. There can be even more cross-fertilization by bringing in more individuals from the operational parts of the Agency. Elevation of qualified CIA officers to the Board of Estimates should be done wherever possible.

19. The morale of ONE was found to be excellent.

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MAN B. KIRKPATRICK
Inspector General

Enclosure:
Survey of Office of National
Estimates - March 1954

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